

Town of Bedford Finance Committee

Town Hall Selectmen's Meeting Room

October 8, 2015

Members in attendance: Ben Thomas, Paul Mortenson, David Powell, Steve Steele, Karen Dunn, Steve Carluccio, Rich Bowen.

Others in attendance: Victor Garofalo, *Director of Finance and Collector/Treasurer*, Bill Moonan, *Selectman*, Ed Pierce, *School Committee*, Don Corey, *Historic Preservation Commission*, Frank Gicca, *Bedford Historical Society*

Minutes:

MOTION: Mr. Bowen motioned to approve the minutes of the September 19, 2015 meeting. Mr. Carluccio seconded. The motion carried, 6-0-1.

Model 1.3 STM FY2016

- Mr. Garofalo advised that the Selectmen approved Special Town Meeting Article 10, to appropriate the sum of \$ 50,000 for a Museum study at their October 5th meeting. The Capital Expenditures Committee also approved the article at their October 7th meeting.
- The committee discussed possible disposition of the current FY2016 budget surplus of \$ 554,651. Options include transferring to the stabilization fund, paying cash for certain capital items rather than borrowing, and applying a portion toward OPEB liability.
- Mr. Bowen suggested the committee should increase the stabilization fund from its current balance to \$ 500,000, leaving the remaining surplus in unused levy for now, for possible capital use in the future.
- Mr. Thomas favored enhancing the stabilization fund, where it will be needed.
- Mr. Carluccio asked whether leaving the surplus as unused tax levy would allow the funds to be used for the Lane School project next year.
- Mr. Garofalo updated the committee on recent developments concerning school improvement projects. School Superintendent John Sills wanted to repurpose already approved funds toward a Lane School feasibility study and contacted MSBA to confirm that such an action would not violate state rules. Superintendent Sills also asked MSBA about the relativity between the three project proposals the town has already filed. MSBA clarified that it would never approve two projects back-to-back. Either Lane or Davis may be approved. But never both. Superintendent Sills preferred to prioritize the Davis School project with MSBA, and seek to move forward with the Lane School addition as a fully town-funded project. Superintendent Sills is considering asking for debt-exclusion borrowing for Lane School at Annual Town Meeting in March.

- Mr. Pierce clarified that only 18 of 97 proposals before MSBA will be approved. There is only a 20% chance of approval for Bedford's first priority project. The School Committee has not decided yet whether to go forward with a borrowing request at ATM for Lane School, or on the exact scope of the project.
- Mr. Carluccio asked what the historic low has been in recent years for the unused tax levy and Mr. Garofalo informed that it had been as low as \$ 500,000, at one point.

MOTION: Mr. Bowen motioned to increase the appropriation to the stabilization fund by \$ 170,000 resulting in a new balance of \$ 500,000, which would reduce the current budget surplus by the same amount. Mr. Carluccio seconded the motion. The motion carried, 7-0-0.

Museum Article STM Warrant

- Mr. Gicca from the Bedford Historical Society provided the committee with additional information in support of Article 10. The Society has been in existence for more than 100 years and collected numerous artifacts, many of which are hundreds of years old. There is no appropriate place to store the collected artifacts. The Society initiated its own museum study in 2011 and presented its report to the Selectmen in August, 2015. The study committee recommended that a multi-purpose museum owned by the town, but operated by the Society, is the best solution. In addition to creating a museum display area, establishing a meeting space for town-wide use will serve the needs of various town residents, including an integrated school use. The Selectman also conducted their own study in the past year, focusing on possible locations only, excluding cost considerations. Five primary sites were identified: Old Town Hall, the Town Hall Multipurpose Room, the Police Station, the Town Center west wing, and the Fire Station.
- According to Mr. Gicca, the Society also considered funding solutions for the museum. Society funds will be available to help with project development, and operating expense, but not for building expense. According to Mr. Gicca, the required next step is to determine a final location and establish a cost. The proposed \$ 50,000 study is intended to answer these questions.
- Further explaining, Mr. Gicca advised that there are two problems to address: the accumulated artifacts are not visible and the artifacts are not secure. They are quite valuable and susceptible to theft or damage.
- Mr. Gicca advised that all the surrounding towns have museums. But some have made mistakes. We can learn from these. Historic houses do not work as locations. But multi-purpose buildings do.

- Mr. Moonan addressed the committee. The town of Bedford has been very supportive of the museum concept over the years. In 1952, at Town Meeting, a room was given to the Society, located at the then library (currently the police station). Currently, the Police Department needs more space for its programs. The current Society storage room factors into police space plans. The separate considerations are interrelated. There are potential future sources of funds, in the form of reimbursement, as repayment for a portion of town provided funding for the \$50k study, for example a possible grant from the Cultural Council. Town Counsel has advised that CPA funds are not a qualified source for the study, but may factor into future building expense, depending upon the historical significance of the location selected.
- The Selectman study did not consider financing implications. The Society provided the Selectman with a space-needs analysis establishing a need for between 3500-4500 square feet of multi-purpose space. The Selectman concurred that this target size was appropriate. The museum could be compatible with the Cultural District consideration. Since money has not yet been considered, the next step is to analyze several of the spaces to establish a cost. The Bedford Historical Society has approached the Selectmen and the Town based upon a proposed partnership. The museum will not be solely a Town undertaking or a Society undertaking. There are significant negotiations still pending on which partner will be responsible to do what.
- Mr. Gicca advised that the museum should be a town-owned facility.
- Mr. Corey from the Historic Preservation Commission informed the committee that the Massachusetts Historical Commission has just announced a new 50/50 matching grant. The Town and Society would have to submit a Notice of Intent to apply for the matching grant by mid-November. The MHC would advise by early December whether to proceed with a full application. Feedback already received from the MHC indicates that our \$ 50k study on Bedford historical buildings to be used for a museum would be eligible for this grant, and would also be a good model for other towns to follow. Work (on the study) would have to start only after July 1, 2016, and would need to be completed by June 30, 2017. We are in a good position to get a grant up to \$ 25,000.
- Mr. Bowen asked, "Frank, please explain a little bit more about the operating budget for the museum?"
Mr. Gicca replied, "Until we do the study, and know what the building looks like, we cannot assess the extent of the Society's ability to support the operation. There is some endowment earning available. There could also be some use-fee revenue. Once the operating cost is known, the Society will go on a fund-raising campaign, targeting area businesses, for example Raytheon."
- Mr. Thomas asked, "If you cover heat, light, janitorial, and operating cost fully, is that a success?"
- In answer, Mr. Gicca referenced the Job Lane House as an example. Some expenses still come to the town.

- Mr. Bowen asked about the Society's endowment balance, and Mr. Gicca replied that it is approximately \$ 1,000,000. Mr. Bowen calculated that a presumed 5% draw could cover \$ 50,000 toward operating expenses each year.
- Mr. Corey declared that the Society is not envisioning just an abstract concept of a museum, but rather a town-wide resource. He expects that the facility would be used in an integrated way by the School Department. Already the Society supports regular elementary school programs, but is limited by its space constraints.
- Mr. Gicca advised that the facility would have audio-visual capability, bathrooms, and a kitchen.
- Mr. Carluccio asked whether the Selectmen's controlled Historical Preservation fund would be available to support this museum.
- Mr. Garofalo answered that this fund is reserved for existing preservation projects. While the Fund is selectmen controlled, it must be managed under the rules of Community Preservation Act. The town also has a \$ 75,000 limit on fund use per project.
- Mr. Carluccio asked whether preservation fund money could be used for some preservation components of a selected museum location.
*Mr. Garofalo replied in the affirmative, if the site qualifies, up to the \$ 75,000 limit.
- Mr. Carluccio: "Can the town choose to raise the limit, at Town Meeting?"
- Mr. Garofalo: "Yes."
- Mr. Thomas asked Mr. Gicca to explain further the distinction between the study and what happens after. "What does the study give us?"
- Mr. Moonan replied that the study would provide, "concepts, square footage, ball-park cost, and ball-park operating cost, if we ask for it."
- Mr. Steele asked, "What is the time line? Why are we fast-tracking this at STM?"
- Mr. Corey replied, "You need to show you have the money before you ask for the MHC grant, even though we could not spend the money until July 2016."
- Mr. Moonan clarified that the Massachusetts Historical Commission grant is not the only source of funding reimbursement.*
- Mr. Steele asked, "Should this \$ 50,000 grant have been in the Capital Plan?"
- Mr. Moonan explained that it was not in the last Capital Plan, because the Capital Plan is not a Selectmen initiated exercise. There were back and forth discussions between the Selectmen and the Town Manager on a possible place holder. There was also intertwined planning involving the Police Station, the Historic Society, and the Fire Station. They all have to stay in synch concerning schedule.
- Mr. Steele: "A project like this is popping up out of nowhere. I am having a problem with this, outside of our Capital Planning procedure. "

- Mr. Corey: "Only within last couple of weeks did Town Counsel determine we could not use CPA funds for this study."
- Mr. Moonan: "The Capital Plan is not a fully formed solution. Things are still coming in to it."
- Mr. Thomas commented that there are still known capital projects not in the plan. The Town needs to get the capital plan more integrated, for example with recreation projects.
- Mr. Gicca declared that there is momentum now from the Society, with a \$ 1m endowment to help maintain the museum, generate use, and fundraise.
- Mr. Bowen: "This project never got on the Capital Plan list. It is not the end of the world. Recent developments have changed the approach. This is not unreasonable in my mind."
- Ms. Dunn asked, "Locking in on the size, at 3500 sf, would you want to be open to aiming for something smaller? If size ends up as prohibitive cost, are you blocking options?"
- Mr. Corey: "The existing study sets 3500 sf as the minimum viable size."
- Mr. Moonan: "3500-4500 sf is the targeted range. The museum space itself will only be about 1800 sf"
- Mr. Thomas asked whether the feasibility study will include an exit strategy, referencing the BCA at Old Town Hall as a project that did not end well.
- Mr. Moonan agreed that an exit strategy is an important issue to be addressed.
- Mr. Thomas: "Who would handle the rental?"
- Mr. Moonan: "Fay Russo is currently handling other town properties, and would have capacity. The Society could also be involved."
- Mr. Thomas: "Where does the money go?"
- Mr. Moonan replied that negotiation is still to be done on that topic.
- Mr. Corey referenced Bedford Depot as a possible model.
- Mr. Thomas declared that there can be no burden to the town.
- Mr. Gicca replied that the Society already has an operating model, which is successful.
- Mr. Thomas: "These questions should be part of the feasibility study. The town also needs more coordinated effort on town resource rentals. There is a lot of lost opportunity currently. This comment is directed at the town, not the Society."
- Mr. Bowen asked, "What is George Swallow House?"
- Mr. Moonan explained that it is the private house immediately to right of old town hall.
- Mr. Steele explained that on the timing, he is not in favor of going outside of Capital Planning schedule, but looking at the MHC application, where funds must be approved before application for grant reimbursement, an argument can be made for STM consideration.

MOTION: Mr. Bowen motioned that the Finance Committee recommend approval of Article 10, a museum study, as printed in the warrant. Mr. Mortenson seconded the motion. The motion carried, 7-0-0.

MOTION: Mr. Bowen motioned that the finance committee direct Mr. Garofalo to reduce the surplus in the 2016 financial model by \$ 50,000, by increasing a line item for other capital articles by the same amount. Mr. Carluccio seconded the motion. The motion carried, 7-0-0.

- Mr. Garofalo explained that there may be additional 2016 surplus, as the Assessors projection includes a 10% contingency. Anything left after STM will be stuck in unused levy.
- Mr. Carluccio: "Where are we on the Hanscom state reimbursement for students?"
- Mr. Garofalo: "We will get \$ 517,000 in 2016."
- Mr. Carluccio: "Will we get it again 2017?"
- Mr. Garofalo: "We are supposed to get it every year, subject to appropriation. It is too early to be certain. In 2016, the Governor took it out, and the Legislature put it back."
- Mr. Steele: "In 2016, we also had it reserved for in the reserve fund."
- Mr. Carluccio: "We should leave more money in the unused tax levy."
- Currently, there remains \$ 334,651 in budget surplus for FY2016, after the \$ 170,000 appropriation to the stabilization fund and a \$ 50,000 increase in capital expense. The committee's current consensus is to leave this surplus alone, so that it will accrue to the unused tax levy, absent any additional action taken up to and at STM.

STM Warrant Articles

The Selectman voted in favor of placing Article 3 on the warrant, 3-2. This is a petitioner's article proposing a zoning map change at the Bedford Marketplace. The Selectmen did not yet vote on approval.

The Capital Expenditures Committee voted 7-1-1 to approve article 7, as written in the warrant.

MOTION: Mr. Bowen motioned that the Finance Committee recommend approval of article 7 as printed in the warrant. Ms. Dunn seconded the motion. The motion carried, 7-0-0.

Mr. Garofalo has asked the Assessors to review the 2016 overlay, to possibly revise the figure downward.

FY2017 Discussion

- Mr. Thomas informed the Selectmen that the Finance Committee would like to receive a presentation and review of all controlled funds, including a policy controlling appropriate balances.
- Mr. Garofalo made the same request clear to the Recreation Commission.
- The requested fund review format is to include:
 - Fund name
 - Revenues derived from
 - Type of fund, Grant, or taxpayer fees
 - Restrictions
 - Fund used for
 - Maintained balance targets
- Mr. Bowen commented on the Assessors' growth projections. In the past they have provided a statistical type moving average in the fall, and the final in the following year. He is not sure they can or should approach it differently.
- Mr. Thomas reacted that they can be conservative. But they should review their past assumptions. They have been delivering a lot of free cash in recent years.

Old Business

None

New Business

- The town of Bedford was reaffirmed with a AAA bond rating from Standard & Poor's Ratings Service. Committee members appreciated that they quoted our financial policies in their approval. Management comments were very positive.
- Mr. Garofalo explained that the Town is proactive in the renewal process, giving the information ahead of time. The committee acknowledged its appreciation of the Town's efforts in this regard, particularly those of Mr. Garofalo.

Meetings Attended

- Mr. Carluccio attended a School Committee meeting. There is a greater need for English Language Learning (ELL) due to more students, and greater demand. The School Dept. intends to add a 0.6 additional ELL teacher. Increased federal grant funding will be received to offset existing cost for an interventionist, with the freed up funds being used to pay for the ELL addition.

- Mr. Mortenson attended a Capital Expenditures Committee meeting, where the Finance Department presented. The discussion on the capital warrant articles has been previously reviewed.
- Mr. Thomas attended a Selectmen's meeting. Certain topics relating to Warrant Articles have been previously discussed. The Selectmen approved the purchase of another utility vehicle with police markings. Mr. Thomas expressed appreciation to DPW Director Sorenson for improving the vehicle control procedure. Purchasing a vehicle has gone from being very painful to being seamless.

MOTION: Mr. Thomas motioned to adjourn the meeting. Mr. Bowen seconded the motion. The motion carried, 7-0-0.